

## Message Text

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INFO AMCONSUL HONG KONG

AMEMBASSY TOKYO

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SUBJECT: FOREIGN BUSINESSMEN RESIDENT IN PEKING

REF: STATE 131654 (NOTAL)

BEGIN SUMMARY. NO FOREIGN BUSINESSMEN MAINTAIN PERMANENT OFFICES IN PEKING, THOUGH A NUMBER MANAGE TO PARLAY THREE AND SIX-MONTH VISAS INTO SOMEWHAT LONGER STAYS. THEY ARE NOT PERMITTED NORMAL OFFICE FACILITIES, AND MUST OPERATE OUT OF HOTEL ROOMS. THERE HAVE BEEN REPS IN PEKING OF PRIVATE OR SEMI-OFFICIALS COUNCILS AND ASSOCIATIONS, BUT THESE ARE ABSORBED INTO THEIR GOVERNMENTS' EMBASSIES WHEN THEY ARE ESTABLISHED. A POSSIBLE EXCEPTIONMAY BE THE RECENTLY CREATED SINO-JAPANESE ECONOMIC COMMITTEE WHICH HOPES TO OBTAIN OFFICE SPACE IN PEKING FOLLOWING THE CLOSURE OF JAPAN'S MEMORANDUM TRADE OFFICE THIS DECEMBER.

END SUMMARY.1. ALTHOUGH FOREIGN BUSINESSMEN ARE NOT ALLOWED TO MAINTAIN "PERMANENT" FACILITIES IN PEKING, A NUMBER ARE ABLE TO MAINTAIN A CONTINUING PRESENCE HERE BY STRINGING TOGETHER SHORT-TERM STAYS AND OPERATING OUT OF HOTEL ROOMS. MOST NUMEROUS OF THESE ARE REPRESENTATIVES OF JAPANESE "FRIENDLY" TRADING FIRMS, ABOUT 50 OF WHOM RESIDE IN PEKING BETWEEN CANTON FAIRS. (INCLUDED AMONG THE 50 ARE TWO FROM THE JAPAN INTERNATIONAL TRADE PROMOTION ASSOCIATION, WHICH

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REPRESENTS THESE "FRIENDLY FIRMS.") OTHER INCLUDE REP-

RESENTATIVES OF DENMARK'S EAST ASIATIC COMPANY, FIAT, AND  
SOME OTHER EUROPEAN FIRMS, MOSTLY TRADING FIRMS.

2. SUCH BUSINESSMEN ARE GENERALLY ADMITTED ON THREE OR  
SIX-MONTH VISAS. WHEN THESE EXPIRE, THE BUSINESSMEN MUST  
EXIT CHINA AND OBTAIN NEW VISAS BEFORE BEING ALLOWED TO RE-  
SUME RESIDENCY IN PEKING. IN THIS MANNER, FIAT'S REPRESENTATIVE  
HAS MANAGED TO LIVE HERE FOR THREE YEARS, VISITING HONG KONG  
AT THREE-MONTH INTERVALS. OTHER COMPANIES CHANGE THEIR  
PERSONNEL AS THEIR VISAS EXPIRE. JAPANESE FIRMS, FOR  
INSTANCE, ROTATE REPRESENTATIVES FOLLOWING EACH CANTON FAIR.

3. WHILE THE CHINESE PERMIT THESE ARRANGEMENTS, IT IS MADE  
CLEAR TO THESE BUSINESSMEN THAT THEY DO NOT HAVE PERMANENT  
STATUS. THEY MAY NOT BRING SECRETARIES OR OTHER SUPPORT  
PERSONNEL WITH THEM; THEY MUST RESIDE IN HOTELS, WHERE MOST  
OF THEM DO NOT HAVE SUITES; THEY ARE NOT GIVEN IMPORT PRIVI-  
LEGES, MAY NOT APPLY FOR DRIVERS' LICENSES, AND MAY NOT HIRE  
SERVANTS.

4. A FEW SEMI-OFFICIAL OR PRIVATE TRADE COUNTILS OR CHAMBERS  
OF COMMERCE HAVE AT VARIOUS TIMES SUCCEEDED IN STATIONING  
REPRESENTATIVES IN PEKING, BUT THE STANDARD PRACTICE HAS  
BEEN IN INCORPORATE THESE REPRESENTATIVES INTO PERMANENT  
GOVERMENT REPRESENTATION IN PEKING ONCE THAT EXISTS. THUS  
THE AUSTRIAN FEDERAL CHAMBER OF COMMERCE WAS ALLOWED TO OPEN  
AN OFFICE HERE IN 1966. WHEN THE AUSTRIAN GOVERNMENT  
RECOGNIZED PEKING, HOWEVER, THE CHAMBER OFFICE WAS OFFICIALLY  
ABSORBED INTO THE NEW EMBASSY.

5. A POSSIBLE FUTURE EXCEPTION TO THE FOREGOING PATTERN  
MAY INVOLVE THE RECENTLY-CREATED SINO-JAPANESE ECONOMIC  
COMMITTEE (SJEC), A BODY WHOSE FUNCTIONS HAVE NOT YET BEEN  
FULLY DEFINED BUT WHICH IS ROUGHLY ANALOGOUS TO THE NEW  
NATIONAL COUNCIL ON US-CHINA TRADE AND THE SINO-BRITISH  
TRADE COUNCIL. SJEC HAS PROPOSED TO THE CHINESE THAT IT  
BE ALLOWED TO OCCUPY OFFICES SOON TO BE VACATED BY THE  
JAPANESE MEMORANDUM TRADE OFFICE WHEN THE LATTER CEASES TO  
CUNTION IN DECEMBER. ACCORDING TO A JAPANESE EMBASSY OFFICER,  
THERE IS A GOOD POSSIBILITY THAT THE CHINESE WILL ACCEDE TO  
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SJEC'S REQUEST. IF SO, THIS WOULD BE THE FIRST TIME SUCH AN  
ORGANIZATION HAS BEEN ABLE TO MAINTAIN A PRESENCE IN CHINA AFTER  
THE ESTABLISHMENT OF AN EMBASSY IN PEKING.

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